

UNITED PRESS INTERNATIONAL
22 OCTOBER 1982BY OLIVE TALLEY
HOUSTON

Former agent Edwin P. Wilson was acting as an undercover U.S. intelligence agent when he sold explosives to Libyan terrorists, a defense attorney said Friday.

"While Mr. Wilson was in Libya, he was gathering important intelligence information and transmitting it to officials in the U.S. in various intelligence agencies," Herald Price Fahringer said during a court hearing.

"He was using his dealings with explosives as a cover to maintain his credibility with the Libyans," Fahringer said.

Fahringer said his client would argue he was acting as an agent of the U.S. government in defense to numerous charges of illegally smuggling explosives to Libya.

A federal grand jury in Houston indicted Wilson and two others in July on charges they illegally shipped 40,000 pounds of restricted, strategically sensitive plastic charges to Libya in 1977.

Wilson, 54, was scheduled to go on trial on the charges Wednesday in Houston, but U.S. District Court Judge Ross Sterling Friday postponed the trial until Nov. 29 to give Wilson and his attorney more time to review evidence in the case.

The judge further ordered Fahringer to obtain a government security clearance in order for Wilson to give him evidence that could be considered classified information.

Wilson worked as a covert agent for the CIA from 1955 to 1970. He was arrested at John F. Kennedy International Airport in New York after authorities tricked him into returning to his country from Libya, where he had lived the last few years as a close confidant of Libyan dictator Moammar Khadafy.

Fahringer said federal law requires him to submit all potentially sensitive information to the U.S. Justice Department, which would then determine whether the material is classified or whether it can be made public.

Fahringer attacked the constitutionality of the law and argued the Justice Department could manipulate the security clearance to obtain information from Wilson to use against him in his trial.

"We're obliged to give information that could subject him to further criminal charges," Fahringer said. "The Justice Department is a big family and that information could be shared (with prosecutors in this case)."

Fahringer asked the judge to personally review the evidence and decide on its sensitivity rather than turning it over to the Justice Department, but the judge did not act on the attorney's request.

The judge set a pre-trial hearing in the case for Nov. 23 and indicated he would rule on remaining defense motions at that time.

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After the hearing, Fahringer told reporters if the sensitive information in the case is deemed classified, then the government must either allow the information to be divulged in public court or if must dismiss the charges against Wilson.

Wilson, who did not attend the hearing, remains in federal custody in an undisclosed location in lieu of \$20 million bond.

The former CIA agent faces indictments returned by grand juries in Washington, D.C., and Alexandria, Virginia.

An April 1980 indictment accused Wilson and former CIA agent Frank Terpil of illegally shipping explosives to Libya and training terrorists associated with Khadafy..

The Virginia grand jury charged Wilson with illegally exporting weapons that allegedly were turned over to a Libyan agent.